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Attorneys for Plaintiffs

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

MEI-FANG LISA ZHANG, BAY AREA  
AFFORDABLE HOUSING, LLC, XUE-  
HUAN GAO, YANG-CHUN ZHANG,  
CAROL JIAN DENG, and HAO LIANG,

Plaintiffs,

vs.

WEI-MAN RAYMOND TSE, RUN PING  
ZHOU a.k.a. FLORA ZHOU, THERESA  
WONG, JAMES YU, BILL SHU WAI MA,  
MOLLY LAU, VICTOR SO, JIAN XIAO,  
CHRIST INVESTMENT SERVICE INC., CIS  
SERVICE, INC., PACIFIC BEST GROUP  
LTD. a.k.a. PACIFIC BEST COMPANY  
LTD., and SOUTH CHINA INVESTMENT  
INC.,

Defendants.

Case No.: C-07-04946 JSW  
(Related to C-05-02641 JSW)

**PLAINTIFFS' CASE MANAGEMENT  
STATEMENT**

Pursuant to Local Rule 16-9, Plaintiffs submit this Case Management Statement.

**PRELIMINARY STATEMENT**

Local Rule 16-9(a) provides, "If one or more of the parties is not represented by counsel, the parties may file separate case management statements." In this case, none of the Defendants

has entered an appearance and Plaintiffs have received no communications from an attorney purporting to represent a Defendant in this case and before this Court.<sup>1</sup> Since none of the Defendants is represented by counsel, pursuant to Local Rule 16-9(a), Plaintiffs submit this is a separate Case Management Statement.

Further, the Clerk has already entered a default as to Wei-Man Raymond Tse, Jian Xiao, and Victor So on November 7, 2007 (Docket No. 18). None of the other served Defendants has entered an appearance. In fact, the served Defendants have sent back most of the correspondence directed to them after service, apparently in an attempt to conceal their whereabouts and to avoid participating in this case. Thus, Plaintiffs do not anticipate that any Defendant will, in fact, enter an appearance in this case. Consequently, Plaintiffs intend to seek defaults and default judgments against all Defendants, obtain discovery concerning the assets held by Defendants, and execute on the default judgments.

## **1. JURISDICTION AND SERVICE**

(a) The basis for the Court's subject matter jurisdiction over Plaintiffs' claims in this case is federal question jurisdiction. Plaintiffs assert claims under RICO and the Commodities Exchange Act, 7 U.S.C. § 1 et seq. The Court has supplemental jurisdiction over its state law claims under 28 U.S.C. § 1367(a).

(b) Plaintiffs are unaware of any issues regarding personal jurisdiction or venue.

(c) Two parties remain to be served: Defendants Theresa Wong and James Yu.

(d) Plaintiffs propose a deadline for completing service of process of April 30, 2008. Plaintiffs intend to file a motion seeking an extension of time in which to complete service of process on Ms. Wong and Mr. Yu.

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<sup>1</sup> An officer from the Camp Casey Legal Assistance Office, Capt. Stacey Ginsberg, has spoken to Plaintiffs' counsel on behalf of Defendant Private First Class Molly Lau, but the case has been stayed as to Ms. Lau by the Court's January 2, 2008 Order, and Capt. Ginsberg made it clear that she cannot enter an appearance on behalf of Ms. Lau and so does not represent her in this case.

1   **2.    FACTS**

2           This is an action, both in law and in equity, brought by victims of commodities fraud  
3 under the Racketeer Influenced Corrupt Organization Act (“RICO”) and the Commodity  
4 Exchange Act (“CEA”). Plaintiffs are individuals and a small business in the San Francisco  
5 Area and in particular are members of the San Francisco Chinese community. Defendants are  
6 individuals and the businesses they operated in San Francisco, which purported to conduct  
7 foreign currency futures trading on behalf of clients for investment purposes. Plaintiffs invested  
8 large sums of money with Defendants for foreign currency futures trading in response to  
9 personal solicitations and advertisements in Chinese language newspapers.

10          Defendants’ businesses, however, were wholly fraudulent. Defendants opened an office,  
11 used telephone trading telephone lines in Hong Kong, created computerized records, faxed and  
12 emailed written reports of accounts to customers, provided receipts for funds received, and in  
13 some cases returned modest amounts of investor moneys, all for the purpose of creating the  
14 appearance of a legitimate foreign currency futures trading business. Defendants, however,  
15 never actually conducted any foreign currency futures trading, and simply stole the funds that  
16 investors transferred to them for their personal use.

17          Since Defendants have not entered an appearance, there are no factual issues in dispute at  
18 this time.

19  
20   **3.    LEGAL ISSUES**

21          Since none of the Defendants has entered an appearance in this matter, there are no  
22 disputed points of law in this case to date.

23  
24   **4.    MOTIONS**

25          (a)    The following motions have been submitted in this matter:

26                  (i)    Administrative Motion to Consider Whether Cases Should be Related to  
27                  have *United States Commodities Futures Trading Commission, et al. v. National*  
28

1       *Investment Consultants, Inc.*, No. C 05-02641 JSW considered a related case. The Court  
2 granted this motion.

3           (ii)     Request for Entry of Default Against Defendants Wei-Man Raymond Tse,  
4 Jian Xiao, and Victor So Under Fed. R. Civ. P. 55(a). The Clerk entered a default against  
5 these Defendants;

6           (iii)    By order dated January 2, 2008, the Court entered a 90-day stay of these  
7 proceedings with respect to defendant Molly Lau, pursuant to the Servicemember's Civil  
8 Relief Act, 50 App. U.S.C. § 522, in response to a letter received from Ms. Lau.

9       (b)     Anticipated motions.

10           (i)     Plaintiffs intend to file a motion (A) seeking an extension of time in which  
11 to complete service of process, given the difficulty of serving Ms. Wong and Mr. Yu, and  
12 (B) seeking leave to conduct third party discovery to determine contact information for  
13 Mr. Yu.

14           (ii)     Additional requests for entry of default against Defendants Run Ping  
15 Zhou, Theresa Wong, James Yu, Bill Shu Wai Ma, Victor So, Jian Xiao, Christ  
16 Investment Service Inc., CIS Service, Inc., Pacific Best Group Ltd., and South China  
17 Investment Inc.

18           (iii)    One or more motions for default judgment as against all Defendants;

19           (iv)    Ms. Lau may renew her request for a stay, when the current stay expires.  
20

21   **5.     AMENDMENT OF PLEADINGS**

22       Plaintiffs do not anticipate adding additional claims at this time. They do, however,  
23 reserve the right to add additional parties to this matter if discovery or investigation reveals  
24 additional parties involved in the Defendants' fraudulent scheme. At the moment, however,  
25 Plaintiffs do not wish to add any additional parties to this action.  
26  
27  
28

1 **6. EVIDENCE PRESERVATION**

2 Plaintiffs are individuals who do not have any automated document destruction programs  
3 or processes. They have preserved emails received from Defendants, upon instruction from  
4 counsel. Plaintiffs' counsel has sent letters to the served Defendants instructing them to preserve  
5 electronically stored information.

6  
7 **7. DISCLOSURES**

8 Because none of the Defendants has entered an appearance in this matter, Plaintiffs have  
9 received no initial disclosures under Fed. R. Civ. P. 26, and there are no appearing Defendants to  
10 whom Plaintiffs can make their own initial disclosures.

11  
12 **8. DISCOVERY**

13 No discovery has been taken to date, since none of the Defendants has entered an  
14 appearance. It remains to be seen whether any Defendants will seek to set aside defaults, but  
15 assuming they do not, Plaintiffs intend to seek discovery concerning the assets held by  
16 Defendants. Plaintiffs do not propose any limitations or modifications of the discovery rule.  
17 Given that Defendants have not appeared, no discovery plan is necessary for the exchange of  
18 information.

19  
20 **9. CLASS ACTIONS**

21 This action is not a class action.

22  
23 **10. RELATED CASES**

24 This case is related to *United States Commodities Futures Trading Commission, et al. v.*  
25 *National Investment Consultants, Inc.*, No. C 05-02641 JSW.

1 **11. RELIEF**

2 Plaintiffs seek monetary damages, punitive damages, and injunctive relief. Plaintiffs seek  
3 compensatory damages in an amount to be proven in connection with trial or the entry of default  
4 judgment against Defendants, but in excess of \$321,149, which is the amount Plaintiffs invested  
5 with Defendants. Plaintiffs also seek interest on Plaintiffs' capital from the dates of their transfer  
6 to Defendants. Compensatory damages should be trebled under 18 U.S.C. § 1964. Further,  
7 Plaintiffs seek the costs of suit incurred in this case and attorneys' fees. Finally, Plaintiffs seek  
8 exemplary and punitive damages according to proof.

9  
10 **12. SETTLEMENT AND ADR**

11 Because Defendants have not entered an appearance, Plaintiffs have been unable to  
12 discuss settlement or ADR with Defendants. Given that no Defendant has appeared, Plaintiffs  
13 believe an ADR plan would be premature at this time.

14  
15 **13. CONSENT TO MAGISTRATE JUDGE FOR ALL PURPOSES**

16 Plaintiffs are willing to consent to have a magistrate judge conduct all further  
17 proceedings including any hearing on Plaintiffs' requests for entry of default judgments, but do  
18 not know if a Magistrate Judge can be appointed in light of the Defendants' non-appearance in  
19 this case.

20  
21 **14. OTHER REFERENCES**

22 Plaintiffs do not anticipate that this case will be suitable for other references.

23  
24 **15. NARROWING OF ISSUES**

25 Because Defendants have not entered an appearance, Plaintiffs do not believe that issues  
26 can be narrowed by agreement. Plaintiffs do, however, anticipate seeking default judgments  
27 against all Defendants.



**CERTIFICATE OF SERVICE**

I, Stephen S. Wu, declare:

I am a resident of the State of California and over the age of eighteen years, and not a party to the within action. I am an attorney in the law firm of Cooke Kobrick & Wu LLP, 177 Bovet Road, Suite 600, San Mateo, CA 94402.

On January 8, 2008, I served Defendants Wei-Man Raymond Tse, Jian Xiao, Victor So, Molly Lau, Bill Shu Wai Ma, Run Ping Zhou, Christ Investment Service Inc., CIS Service, Inc., and South China Investment Inc. with this

**PLAINTIFFS' CASE MANAGEMENT STATEMENT**

by placing a true copy thereof, first class postage prepaid, in the United States mail, for delivery to the following Defendants at the following addresses:

Mr. Wei-Man Raymond Tse  
555 Montgomery Street, Suite 610  
San Francisco, CA 94111

Mr. Jian Xiao  
737 Chester Street  
Oakland, CA 94607

Mr. Victor So  
c/o Legendary Palace  
708 Franklin Street  
Oakland, CA 94607

Ms. Molly Lau  
PFC, US Army  
A FSC, 70<sup>th</sup> BSB  
Unit #15093  
Camp Casey, South Korea  
APO AP 96224

Mr. Bill Shu Wai Ma  
Christ Investment Service Inc.  
CIS Service, Inc.  
1945 Kirkham Street  
San Francisco, CA 94122

Ms. Run Ping Zhou  
South China Investment Inc.  
3567 Kimberly Road  
Cameron Park, CA 95682

I declare under penalty of perjury under the laws of the United States and of the State of California that the foregoing is true and correct.

Dated: January 8, 2008

/s/

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STEPHEN S. WU